

Company Name: NtO
 Scenario Name: Average growth, profitability and risk. Market share: 0.5%, Price per click: 0.20
 WACC: 20%

Assumptions

Customer base in 2000 300,000,000 internet user connexions
 Future Market Growth 20% for the following 5 years
 NtO market share for 2001 0.5% user base can be obtained through an alliance
 Market share growth 20% per year for the first 5 years
 avg. hourly exposure per day 0.5 no change in future habits is assumed
 avg # of ads per hour 6 no change in future habits is assumed
 Price for a click-through 0.2 based on current market prices and statistics
 Commission on a click-through 50% based on current market prices of comparable companies
 Revenue for a click-through 0.10 = price of a click-through x commission

source: e.market magazine of compupress, Greece

Cost of goods sold 5% of revenues
 Marketing expenses 10% of revenues
 Selling expenses 20% of revenues
 G&A expenses 5% of revenues
 Hardware & Software costs 10,000,000 for the first year of operations
 CAPEX 5% of revenues
 WCR 12% of revenues: average of the industry
 (could be reduced greatly, depending on the agreements with the ad agencies)
 Corporate taxes 40%
 Future growth after 2005 5%
 CV = FCF(2005) * (1 + growth) / WACC conservative scenario for a fast growing market

| | Estimated 2001 | Estimated 2002 | Estimated 2003 | Estimated 2004 | Estimated 2005 | Estimated CV |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|
| Customer base | 300,000,000 | 360,000,000 | 432,000,000 | 518,400,000 | 622,080,000 | |
| Market share | 0.5% | 0.6% | 0.7% | 0.9% | 1.0% | |
| Registered users to NtO | 1,500,000 | 2,160,000 | 3,110,400 | 4,478,976 | 6,449,725 | |
| avg. hourly exposure per day | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | |
| avg # of ads per hour | 6 | 6 | 6 | 6 | 6 | |
| Click-through per day | 4,500,000 | 6,480,000 | 9,331,200 | 13,436,928 | 19,349,176 | |
| Click-through per month | 135,000,000 | 194,400,000 | 279,936,000 | 403,107,840 | 580,475,290 | |
| Click-through per year | 1,642,500,000 | 2,365,200,000 | 3,405,888,000 | 4,904,478,720 | 7,062,449,357 | |
| Price for a click-through | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | |
| Commission on a click-through | 50.0% | 50.0% | 50.0% | 50.0% | 50.0% | |
| Revenue for a click-through | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | |
| Revenues per month | 13,500,000 | 19,440,000 | 27,993,600 | 40,310,784 | 58,047,529 | |
| Revenues per year | 164,250,000 | 236,520,000 | 340,588,800 | 490,447,872 | 706,244,936 | |
| Ad Turnover per year | 328,500,000 | 473,040,000 | 681,177,600 | 980,895,744 | 1,412,489,871 | |
| Total Online ad per year | 9,500,000,000 | 13,500,000,000 | 17,500,000,000 | 21,000,000,000 | 24,000,000,000 | |
| NtO's % of total Online ad | 3.5% | 3.5% | 3.9% | 4.7% | 5.9% | |

source: Nielsen Net Ratings

source: Internet Advertisement Bureau - PWC

| | | | | | |
|--------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| Cost of goods sold | 8,212,500 | 11,826,000 | 17,029,440 | 24,522,394 | 35,312,247 |
| Marketing expenses | 16,425,000 | 23,652,000 | 34,058,880 | 49,044,787 | 70,624,494 |
| Selling expenses | 32,850,000 | 47,304,000 | 68,117,760 | 98,089,574 | 141,248,987 |
| G&A expenses | 8,212,500 | 11,826,000 | 17,029,440 | 24,522,394 | 35,312,247 |
| Depreciation expense | 3,285,000 | 4,730,400 | 6,811,776 | 9,808,957 | 14,124,899 |
| Expenses per year | 68,985,000 | 99,338,400 | 143,047,296 | 205,988,106 | 296,622,873 |

| | | | | | |
|--------------|------------|------------|------------|------------|------------|
| CAPEX | 8,212,500 | 11,826,000 | 17,029,440 | 24,522,394 | 35,312,247 |
| WCR | 19,710,000 | 28,382,400 | 40,870,656 | 58,853,745 | 84,749,392 |
| Δ WCR | 0 | 8,672,400 | 12,488,256 | 17,983,089 | 25,895,648 |

| | | | | | | |
|-----------------|------------|-------------|-------------|-------------|-------------|-------------|
| EBIT | 95,265,000 | 137,181,600 | 197,541,504 | 284,459,766 | 409,622,063 | |
| - Taxes on EBIT | 38,106,000 | 54,872,640 | 79,016,602 | 113,783,906 | 163,848,825 | |
| NOPLAT | 57,159,000 | 82,308,960 | 118,524,902 | 170,675,859 | 245,773,238 | |
| + Depreciation | 3,285,000 | 4,730,400 | 6,811,776 | 9,808,957 | 14,124,899 | |
| - CAPEX | 8,212,500 | 11,826,000 | 17,029,440 | 24,522,394 | 35,312,247 | |
| - Δ(WCR) | 0 | 8,672,400 | 12,488,256 | 17,983,089 | 25,895,648 | |
| FCF | 52,231,500 | 66,540,960 | 95,818,982 | 137,979,335 | 198,690,242 | 842,446,626 |

| | | | | | | |
|-----------------------------|-----------------------|------------|------------|------------|------------|-------------|
| NPV(FCF) | 41,785,200 | 42,586,214 | 49,059,319 | 56,516,335 | 65,106,818 | 276,052,910 |
| NPV(FCF) | 531,106,798 | | | | | |
| +excess cash | 0 | | | | | |
| -debt | -10,000,000 | | | | | |
| Value of the company | 521,106,798 \$ | | | | | |

| | | | | | |
|-----------------------|------------|------------|-------------|-------------|-------------|
| Net PPE | 10,000,000 | 17,095,600 | 27,313,264 | 42,026,700 | 63,214,048 |
| Invested Capital (IC) | 29,710,000 | 45,478,000 | 68,183,920 | 100,880,445 | 147,963,441 |
| New Investments (INV) | 4,927,500 | 15,768,000 | 22,705,920 | 32,696,525 | 47,082,996 |
| ROIC | 192.39% | 180.99% | 173.83% | 169.19% | 166.10% |
| RONIC | | 159.50% | 159.50% | 159.50% | 159.50% |
| Net Income (NI) | 57,159,000 | 82,308,960 | 118,524,902 | 170,675,859 | 245,773,238 |
| NI as % of sales | 34.80% | 34.80% | 34.80% | 34.80% | 34.80% |

$$\text{CAPEX} = \text{Net PPE}(t) - \text{Net PPE}(t-1) + \text{Depreciation}(t)$$

$$\text{IC} = \text{WCR} + \text{Net PPE}$$

$$\text{INV} = \Delta \text{WCR} + \text{CAPEX} - \text{Depreciation}(t)$$

$$\text{ROIC} = \text{NOPLAT} / \text{IC}$$

$$\text{RONIC} = \Delta(\text{NOPLAT}) / \text{INV} = \Delta(\text{ROIC})$$

$$\text{NI} = \text{NOPLAT in case of zero debt}$$

| Balance Sheet | 2001 | 2002 | 2003 | 2004 | 2005 | |
|----------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|---|
| Current Liabilities | | | | | | |
| Short Term Debt | 0 | 0 | 0 | 0 | 0 | no debt |
| Accounts Payable | 16,425,000 | 23,652,000 | 34,058,880 | 49,044,787 | 70,624,494 | 10% of revenues |
| Other Current Liabilities | 0 | 0 | 0 | 0 | 0 | |
| Total Current Liabilities | 16,425,000 | 23,652,000 | 34,058,880 | 49,044,787 | 70,624,494 | |
| Non-current Liabilities | | | | | | |
| Long Term Debt | 0 | 0 | 0 | 0 | 0 | no debt |
| New Long-term Debt | 0 | 0 | 0 | 0 | 0 | no debt |
| Deferred Income Taxes | 0 | 0 | 0 | 0 | 0 | |
| Other Non-Interest Liabilities | 0 | 0 | 0 | 0 | 0 | |
| Retirement Related Liabilities | 0 | 0 | 0 | 0 | 0 | |
| Minority Interest | 0 | 0 | 0 | 0 | 0 | |
| Preferred Stock | 0 | 0 | 0 | 0 | 0 | |
| Shareholders' Equity | | | | | | |
| Common Stock & Paid-in Capital | 2,250,000 | 2,250,000 | 2,250,000 | 2,250,000 | 2,250,000 | 250'000 common stock and initial financing of 2'000'000 |
| Retained Earnings | 27,159,000 | 69,407,960 | 127,882,882 | 203,863,722 | 336,441,938 | given from the statement of retained earnings |
| Treasury Stock | 0 | 0 | 0 | 0 | 0 | |
| Cummulative Trans and Other Adj | 0 | 0 | 0 | 0 | 0 | |
| Total Common Equity | 29,409,000 | 71,657,960 | 130,132,882 | 210,916,722 | 336,691,938 | |
| Total Liabs and Equity | 45,834,000 | 95,369,960 | 164,301,742 | 259,963,509 | 407,316,453 | |

| | | | | | | |
|------------------------|------------|------------|-------------|-------------|-------------|------------------------------|
| Goodwill | 1,000,000 | 6,000,000 | 12,000,000 | 24,000,000 | 48,000,000 | necessary possible alliances |
| Other Operating Assets | 0 | 0 | 0 | 0 | 0 | |
| Investments & Advances | 0 | 0 | 0 | 0 | 0 | |
| Other Non-op Assets | 0 | 0 | 0 | 0 | 0 | |
| Total Assets | 45,834,000 | 95,369,960 | 164,301,742 | 259,963,509 | 407,316,453 | |

| Income Statement | 2001 | 2002 | 2003 | 2004 | 2005 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | 164,250,000 | 236,520,000 | 340,550,000 | 490,447,672 | 702,244,036 |
| Cost of Goods Sold | 3,212,900 | 11,528,095 | 17,029,440 | 24,522,364 | 35,312,247 |
| Selling, Gen & Admin Expenses | 57,487,504 | 62,782,000 | 119,200,930 | 171,956,758 | 247,165,737 |
| Depreciation Expense | 3,285,000 | 4,730,400 | 6,811,776 | 9,808,957 | 14,124,899 |
| Other Oper Income/Expense | 0 | 0 | 0 | 0 | 0 |
| Operating Income | 95,265,000 | 137,181,600 | 197,541,504 | 284,459,766 | 409,622,063 |
| Amortization of Goodwill | 0 | 0 | 0 | 0 | 0 |
| Non-Oper Income | 0 | 0 | 0 | 0 | 0 |
| Interest Income | 0 | 0 | 0 | 0 | 0 |
| Interest Expense | 0 | 0 | 0 | 0 | 0 |
| Special Items | 0 | 0 | 0 | 0 | 0 |
| Earnings Before Taxes | 95,265,000 | 137,181,600 | 197,541,504 | 284,459,766 | 409,622,063 |
| Income Taxes | 38,106,000 | 54,872,640 | 79,016,602 | 113,783,906 | 163,848,825 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 |
| Income Before Extra Items | 57,159,000 | 82,308,960 | 118,524,902 | 170,675,859 | 245,773,238 |
| Extraordinary Items | 0 | 0 | 0 | 0 | 0 |
| Net Income | 57,159,000 | 82,308,960 | 118,524,902 | 170,675,859 | 245,773,238 |

Assumes that the company has no debt

| Statement of Retained Earnings | 2001 | 2002 | 2003 | 2004 | 2005 |
|--------------------------------|------------|------------|-------------|-------------|-------------|
| Beginning Ret Earnings | 0 | 27,159,000 | 69,467,960 | 127,992,862 | 208,668,722 |
| Net Income | 57,159,000 | 82,308,960 | 118,524,902 | 170,675,859 | 245,773,238 |
| Common Dividends | 30,000,000 | 40,000,000 | 60,000,000 | 90,000,000 | 120,000,000 |
| Preferred Dividends | 0 | 0 | 0 | 0 | 0 |
| Adj to Retained Earnings | 0 | 0 | 0 | 0 | 0 |
| Ending Ret Earnings | 27,159,000 | 69,467,960 | 127,992,862 | 208,668,722 | 334,441,959 |

| Balance Sheet | 2001 | 2002 | 2003 | 2004 | 2005 |
|------------------------------|------------|------------|-------------|-------------|-------------|
| Current Assets | | | | | |
| Operating Cash | 3,285,000 | 4,730,400 | 6,811,776 | 9,808,957 | 14,124,899 |
| Excess Marketable Securities | 25,845,250 | 62,170,180 | 113,134,880 | 179,562,004 | 276,368,255 |
| Accounts Receivable | 3,212,900 | 11,528,095 | 17,029,440 | 24,522,364 | 35,312,247 |
| Inventories | 3,285,000 | 4,730,400 | 6,811,776 | 9,808,957 | 14,124,899 |
| Other Current Assets | 0 | 0 | 0 | 0 | 0 |
| Total Current Assets | 38,727,750 | 83,458,960 | 143,787,022 | 223,702,312 | 341,660,329 |
| Non-current Assets | | | | | |
| Gross Prop Plant Equip | 7,391,250 | 10,613,400 | 15,328,486 | 22,270,154 | 31,781,322 |
| Accum. Depreciation | 3,106,000 | 4,730,400 | 6,811,776 | 9,808,957 | 14,124,899 |
| Net Property Plant and Equip | 4,106,250 | 5,913,000 | 8,514,720 | 12,261,197 | 17,656,123 |

2% of revenues, for the urgent needs of the sales & marketing department

difference between total liabilities&equity and total assets

5% of revenues

2% of revenues, ads not yet send to clients

4% of revenues

2% of revenues